

LINCOLN PARKING SERVICES ASSOCIATION OUTLINE

A. Carl Walker Study:

In November 2004, the City of Lincoln ("City") and the Downtown Lincoln Association ("DLA") completed the study, titled City of Lincoln, NE Parking System Assessment Final Report, which was prepared by Carl Walker, Inc. in association with the International Downtown Association ("Carl Walker Study"). The Carl Walker Study gave the City high marks in 18 areas, including: system is financially strong, low bond interest rates, strong maintenance program, and well-maintained facilities. However, the Carl Walker Study judged weaknesses in 17 areas, including: parking system organization structure, parking system vision and planning, collaboration and communication, link between parking and economic development, and insufficient supply in localized areas.

The Carl Walker Study primary recommendation was to change the present City organizational structure of the Lincoln parking program by having a community-based board of directors ("Lincoln Parking Services Association") provide direction. The six primary elements of the Lincoln Parking Services Association included:

1. Ownership of the system's physical assets shall be retained by the City of Lincoln;
2. Care will be taken to ensure strong financial stewardship of the parking system and meeting all bond covenant requirements;
3. A community-based Board of Directors shall provide governance and oversight;
4. The new entity shall integrate responsibility for on-street parking, off-street parking and parking enforcement activities as well as assisting in planning and economic development;
5. The new entity's purpose and scope of responsibilities shall be detailed in and governed by a well defined Management Agreement; and
6. An experienced Executive Director will manage the Authority.

B. Future Funding Challenges:

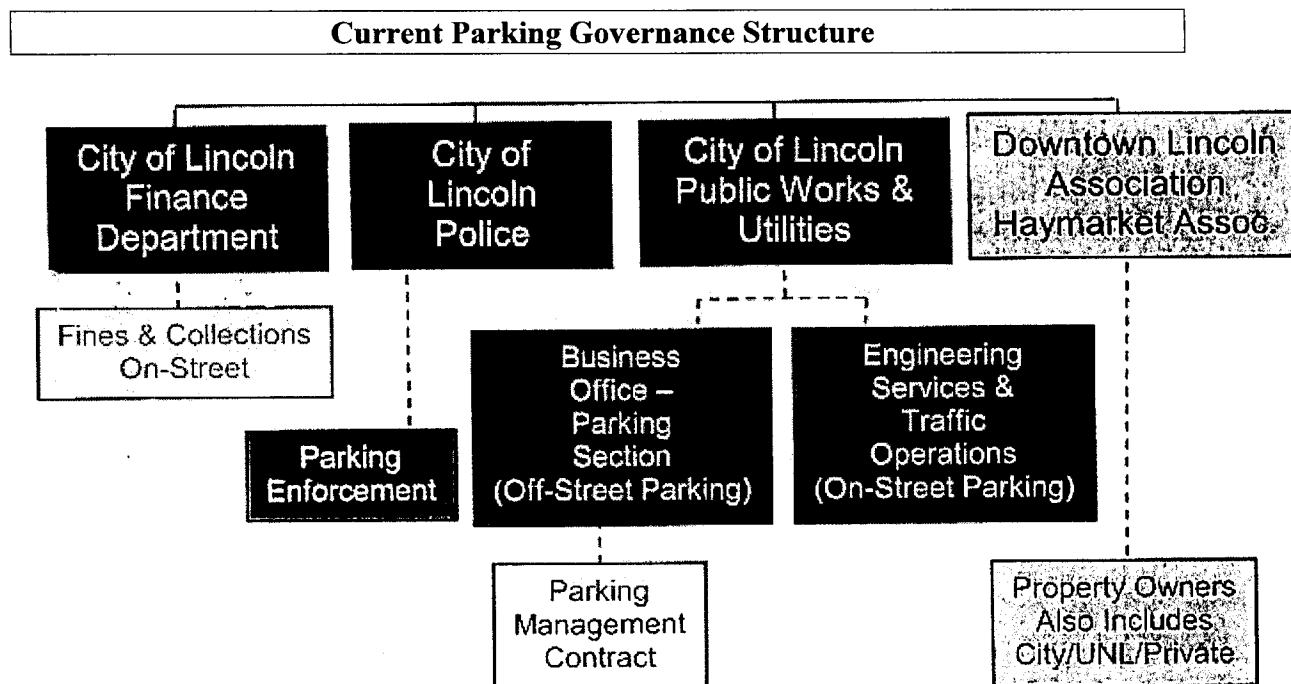
A "best management" parking program is the key ingredient for continued success in the downtown and older urban commercial areas. Reinvestment and new redevelopment efforts will dry up if convenient and affordable parking is not readily available. In 1985, the Lincoln community passed the downtown bond issue (\$12 million dollars). The bond proceeds grew to approximately \$18 million and most of the proceeds were used to fund all or portions of 5 of the more recent public parking facilities as well as conversion to angle parking on most downtown streets. The result was 2,400 new on-

street and off-street parking spaces downtown within a ten year period. City general fund dollars were used to repay the downtown bond issue.

While the downtown bond proceeds provided much needed parking the last 15 years, what are the potential funding sources for the next 15 years? Monthly and transit parking fees are very important, but have never been enough to finance the community's parking needs. To meet the future needs, it will be imperative that the City's parking program reach the next level of planning, management, funding, financing, operation and maintenance.

C. Best Parking Governance Model:

The present parking governance is housed in four different City departments (including five different department divisions), one non-profit organization (DLA/marketing) and a for-profit parking operator (Republic Parking). The following is a summary of the current parking governance structure:



According to the Carl Walker Study, this current fragmented approach will hinder the City's parking program in the future from adding to its strengths, improving on its weaknesses, maximizing existing and finding new revenue sources, increasing economic development, while prudently finding new ways to reduce the rising parking costs. A six member professional parking panel considered six governance models in considering the optimum Lincoln parking management system. The expert panel scored the Lincoln Parking Services Association with the highest count representing the best suited model for Lincoln's unique set of issues, challenges and opportunities (actual scores in brackets):

- Lincoln Parking Services Association/Authority (154)
- Contract with DLA (111)
- Consolidated City Management (105)
- Status Quo (35)
- Other (19)
- Privatization (6)

D. New Governance Proposal:

After the Carl Walker Study was issued, a sub-committee comprised of downtown Lincoln stakeholders and City officials met several times to further discuss the preferred Carl Walker model. While there was general agreement on many aspects of the Carl Walker Study Recommendations, the committee to-date has not reached a consensus on an overall governance framework.

The following is a proposed model developed by Kent Seacrest in conjunction with the Downtown Lincoln Association to further the community's dialogue on this important matter. The new governance proposal is based upon the Carl Walker Study top recommendation as well as incorporating additional strategies and refinements:

1. City Consolidation: The City would consolidate (i) the entire City parking management program oversight in the City Public Works Department, and (ii) the City's parking enforcement oversight in either the City Finance Department's Violation Bureau or the Police Department. The City's efforts in using parking as an economic development tool would continue to be led by the Mayor Economic Development Division and the Urban Development Department.
2. New Lincoln Parking Services Association: The City Council would approve the creation of a new Lincoln Parking Services Association entity which would be a nonprofit 501 (c) (3) corporation. The Lincoln Parking Services Association would be charged to develop, coordinate, improve and promote commercial, governmental, educational, residential, cultural, entertainment, tourism, civic, financial and other mixed uses in the downtown and other older urban commercial areas.

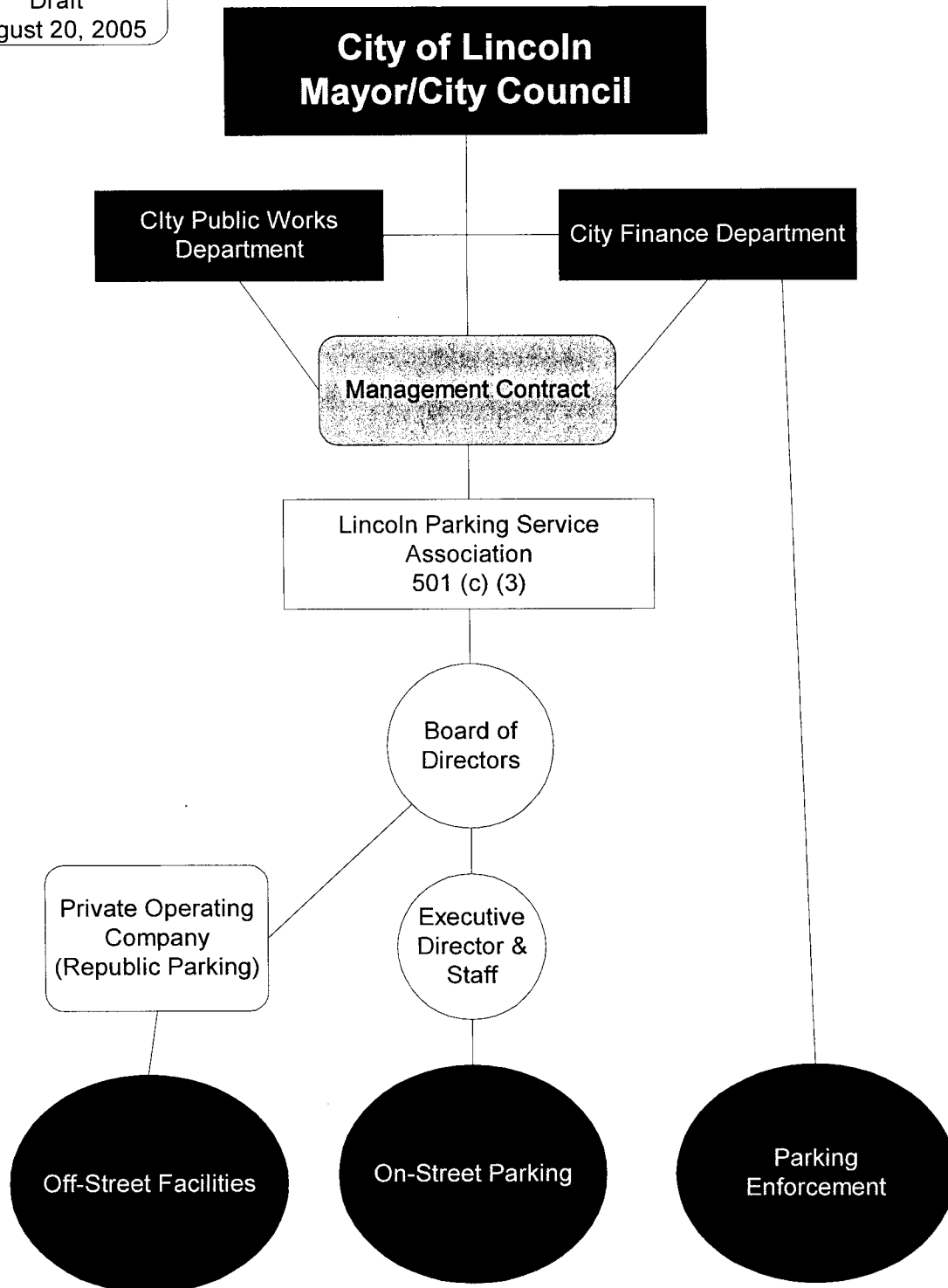
3. Management Contract: The new Lincoln Parking Services Association and the City (Public Works Department) would enter into a management contract directing the Lincoln Parking Services Association to carry out the following parking responsibilities on behalf of the City:
 - Visioning and Planning
 - Operations
 - On-street meter and off-street parking rates
 - Maintenance and repairs of parking facilities and equipment
 - Marketing and education
 - Parking as an economic development tool
 - Fund bond payments and comply with all bond covenants
 - Accounting
4. Sunset and Termination Clauses: The management contract would sunset after three years and could be renewed or renegotiated as needed. The City would also have the right to cancel the management contract for default or for cause by delivering sixty-day written notice. In the event the City and the Lincoln Parking Authority failed to agree upon annual budget to administer the management contract, then the contract would terminate prior to the start of the new fiscal year.
5. City Retains Overall Responsibilities For Downtown and Older Urban Commercial Areas: The Public Works Director on behalf of the City would oversee and administer the management contract with the Lincoln Parking Services Association and would continue to retain overall responsibilities for the City parking programs within downtown and the other older urban commercial areas.
6. Best Management Parking Policies; Bond Covenants and General Fund: The management contract would provide that the Lincoln Parking Services Association would be responsible to implementing best management practices for all downtown and older commercial area parking programs and policies. In addition, the management contract would require the new entity to fund the City's parking reserves, pay all bond payments, and comply with all bond covenants and coverage tests approved by the City Council or recommended by the City's bond or fiscal advisors. The management contract could also direct the Lincoln Parking Services Association to produce adequate net revenues established by the City Council annually to augment the City's general fund.
7. Republic Parking: The City would assign the current contract administration with Republic Parking to the Lincoln Parking Services Association.
8. City Continues to Own Parking Facilities and Assets: The City would retain ownership of the parking garage, parking lots and related assets. The City Council would retain budget powers over the City parking

program, including appropriating the annual management payment to the Lincoln Parking Services Association.

9. City Approves New Parking Facilities. The City would reserve the right to approve any new parking lot and parking garage locations and parking bonds and financing arrangements.
10. Parking Enforcement Models: In regards to parking enforcements, there are two viable enforcement models according to Police Chief Cassidy. First, the Police Department could retain its enforcement responsibilities over the downtown parking violations, but have the Lincoln Parking Services Association be responsible to set clear parking rules and policies. For example, the Lincoln Parking Services Association could be empowers to change no parking violations after 5:00 pm instead of 6:00 pm. In turn, the Police department, through the PSO Officers would be responsible for the enforcement of the regulations and policies adopted by the Lincoln Parking Services Association.

A second potential model according to Police Chief Cassidy would be to transfer the four Public Service Officers (“PSO”) positions that currently carry out downtown parking enforcement to another entity. One possible choice would be to transfer the four PSO positions to the City Finance Department and as part of the Violation Bureau. Another choice would be to transfer the PSO positions to the Lincoln Parking Services Association. The City Finance Department or the Lincoln Parking Services Association would be granted enforcement of the City’s on-street parking meters and other downtown parking policies through its reassigned PSO employees. No matter what choice is made, it would be important for the PSO employees to maximize citizen goodwill and public assistance outreach, while minimizing public parking enforcement complaints.

11. Staffing and Outsourcing. The Lincoln Parking Services Association board of directors would have the ability to hire a professional executive director, staff and/or outsource needed services to third party vendors. The City’s four PSO officers would carry out their duties as described in Paragraph 10 above. The future job responsibilities of the remaining City parking personnel assigned to parking would need to be carefully reviewed to be sure these city staff members could be reassigned new City responsibilities or could seek new job positions, including with the Lincoln Parking Services Association.



E. Potential Advantages:

The Carl Walker Study outlined many of the potential advantages of the Lincoln Parking Services Association model:

1. Better at Meeting Change Market Conditions: The new board composition will likely better understand and timely respond to changing market conditions and new economic opportunities and threats. A board composed of both government and business people setting policy and generating new parking initiatives will be more responsive than government interest alone.
2. Public/Private Partnership: Parking facility site selection and planning should improve when the key governmental staff sits on the board of directors along side of business leaders who will provide the leadership for private sector investments.
3. Set Parking Rates: The new entity would set parking rates for the various parking facilities based upon market conditions (within certain parameters set by the City) with less political pressure than is felt by the City Council or Mayor.
4. Customer Responsiveness: The new Lincoln Parking Services Association would tend to place a higher priority on "...customer responsiveness, rather than revenue- or violator-oriented."
5. Additional Partnering Opportunities: The new partnering model will facilitate and encourage other partnering efforts with other potential key players: University of Nebraska, State of Nebraska, Federal Government, Building Commission, Downtown Lincoln BID Association, Downtown Civic Ventures, Inc., Downtown Neighborhood Association, Lincoln Haymarket Development Corporation, Lincoln Independent Business Association, Convention and Visitor Bureau, Lincoln Chamber of Commerce, Lincoln Partnership for Economic Development, Havelock Business Association, University Place Business Association, Bethany Business Association, and College View Business Association.
6. Additional Advantages: Unifying functions and lines of authority, along with a more entrepreneur focus, should lead to additional efficiencies, cost effectiveness, and improve the supply and demand balance.
7. City Retains Ownership and Fiscal Oversight: The public parking assets will continue to be owned by the City and be prudently managed by the City in a sound financial manner. The City would retain its overall oversight, budgetary powers, bonding authority and approval of new parking facilities.

8. PSO's Expanded Role: Depending upon which enforcement model is select, the City would also retain enforcement powers over parking violations by retaining the Police Department's role under the direction of the Lincoln Parking Services Association, or transfer the four PSO positions to the Finance Department (Violation Bureau) or the Lincoln Parking Services Association. The PSO would continue their traditional services of ticketing on-street meter violations and enforcing the on-street parking program within downtown and the outlying urban commercial areas, while providing additional public assistance outreach and an extra set of eyes on the street.
9. Better at Meeting Future Parking Needs: The 1985 downtown bond issue funded much needed parking over the last 15 years. How will the next 15 years new parking needs be funded? The public/private Lincoln Parking Services Association has a greater potential to identify new innovative ways to fund future parking needs. Identifying additional parking funds for maintenance/repairs of current facilities and construction of new future facilities will be imperative for downtown and the older commercial areas to success. If these core areas do not achieve success, then there would be additional pressure to grow at the community's edges. This in turn would require additional road and infrastructure funds in the future when the City is already projecting major funding deficits.
10. Six National Professional Parking Experts Recommend New Model: The Carl Walker Study and its six national panel members unanimously recommended this new independent model over the other 5 models. The panel concluded that the new model would have the following six "best in class" characteristics:
 - Flexibility
 - Responsiveness
 - Collaboration
 - Fiscal responsibility
 - Broad vision
 - Clear focus

F. Summary of Governance Provisions:

COMPOSITION	LINCOLN PARKING SERVICES ASSOCIATION
Board of Directors	15 Voting Directors: 12 Designated Ex Officio Voting Directors and 3 Elected Voting Directors
Designated Ex Officio Voting Directors	<p>5 City Ex Officio Directors:</p> <ul style="list-style-type: none"> Mayor or Mayor's designee City Council Member Public Works Director Finance Director Urban Development Director <p>1 University of Nebraska-Lincoln Ex Officio Director Chancellor or Vice Chancellor for Business and Finance</p> <p>1 State of Nebraska Ex Officio Director Governor or Department of Administrative Services Director</p> <p>5 Private Ex Officio Directors</p> <ul style="list-style-type: none"> Convention and Visitor Bureau President Haymarket Development Corporation Chair Downtown Lincoln Association President Downtown Lincoln BID Association Chair Elect Downtown Civic Ventures, Inc. Chair (a development corporation) <p>12 = Total Designated Ex Officio Voting Directors</p>
Elected Voting Directors (elected by the Board and confirmed by the City Council)	<p>3 Elected Directors</p> <ul style="list-style-type: none"> Downtown Business/Property Owner Business/Property Owner in East Downtown area Business/Property Owner in older urban commercial areas <p>3 = Total Elected Voting Directors</p>
Officers:	<p>Chair</p> <p>Vice Chair</p> <p>Executive Director/President</p> <p>Secretary</p> <p>Treasurer</p>
TERMS OF OFFICE:	
Ex Officio Directors	With title
Elected Directors	3 year term
Chair	1 year term; maximum of three 1-year terms
Executive Director/President	Hired and fired by Board
Other Officers	1 year term; maximum of three 1-year terms
Staff	Hired and fired by the Executive Director/President

FISCAL YEAR:	September 1 - August 31
ELECTIONS: Directors	Directors are elected by the board at August Meeting
Officers	Elected by sitting Board at August Meeting
Standing Committees	Audit Committee Marketing Committee Commons Area Others as prescribed in the Bylaws
Public Accountability	Subject to the State Open Meetings Laws